

**ELEVENTH
ANNUAL REPORT
2004-2005**

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TRC Financial Services Limited

TRC FINANCIAL SERVICES LIMITED*ELEVENTH ANNUAL REPORT 2004 -2005*

BOARD OF DIRECTORS	T. R. Chadha	<i>Chairman</i>
	Prem Nath Anand	
	Anuj Anand	
	Harsukh B. Gohel	
	Manu Chadha	
	Sumant Chadha	
	P. C. Seth	
	Ashwani Kumar Tewari	
	Deepak Virmani	<i>(Alternate to Prem Nath Anand)</i>
	Ajesh Tuli	<i>(Alternate to Anuj Anand)</i>
COMPANY SECRETARY	Rajeev Chauhan	
AUDITORS	Johar & Kathpalia Chartered Accountants 405, South-Ex Plaza-II South Extension II New Delhi-110049	
BANKERS	HDFC Bank Limited Connaught Place, New Delhi	
REGISTERED OFFICE	Suite 11A, Gobind Mansion Indra Palace, H-Block Connaught Place New Delhi-110001	
STOCK EXCHANGE LISTING	Mumbai Stock Exchange	

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TRC FINANCIAL SERVICES LIMITED*ELEVENTH ANNUAL REPORT 2004-2005***NOTICE**

Notice is hereby given that the Eleventh Annual General Meeting of the Members of TRC Financial Services Limited will be held on Friday, the 30th September, 2005 at 11.00 A.M. at ARJUN FARMS, (Khasra No.11/16) Village Pindwala Khurd, Jhatikra Road, New Delhi-110071, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2005 and the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors' & Auditors thereon.
2. To appoint a Director in place of Mr. Sumant Chadha, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. P.C. Seth, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ashwani Kuamr Tewari, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

"RESOLVED THAT M/s. Johar & Kathpalia, Chartered Accountants, New Delhi, be and are hereby re-appointed as Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration, mutually agreed between the Board of Directors of the Company and the Auditors."

By Order of the Board
For **TRC FINANCIAL SERVICES LIMITED**

Place : New Delhi
Date : 30.07.2005

(RAJEEV CHAUHAN)
Company Secretary

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NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL IN HIS/HER STEAD. A PROXY NEED NOT BE A MEMBER OF THE COMPANY, PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
2. The Register of Members and Share Transfer Books of the company shall remain closed from 23rd September, 2005 to 30th September, 2005 (both days inclusive).
3. Members are requested to bring their copies of the Annual Report to the meeting, since additional copies will not be available.

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DIRECTORS' REPORT

To The Members of
TRC Financial Services Limited

Your Directors' have pleasure in submitting the Eleventh Annual Report of your company together with the audited Statement of Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

The financial results of the company for the year ended 31st March, 2005 compared to the previous year are summarised below:

(Rs. in lakhs)

	Year Ended 31.03.2005	Year Ended 31.03.2004
Total Income	14.17	23.40
Profit (Loss) before interest & depreciation	(3.66)	8.84
Interest	0.06	0.06
Profit (Loss) after interest but before depreciation	(3.72)	8.78
Loss on Sale of Investments	—	7.47
Bad Debts Written Off	1.30	5.11
Owned Assets Sold/Written Off	—	12.11
Depreciation/Lease Equalisation/Lease Termination	19.98	6.32
Preliminary & Share Issue & Deferred Revenue Expenditure written off	1.62	2.26
Profit/(Loss) Before Tax	(26.62)	(24.49)
Provision for Tax	0.21	0.08
Profit/(Loss) After Tax	(26.83)	(24.57)

OPERATIONS

The operations of the company had been considerably reduced due to poor performance of the NBFC sector in general and of the company in particular. However, steps to consolidate operations, recover delinquent debts etc. have yielded good results.

The company is now planning various initiatives to refocus on high growth areas, especially in view of the upswing in the economy. Besides, the company has started loan financing with effect from April, 2005. Amount disbursed till 30.07.2005 was Rs. 42.00 Lakhs.

DIVIDEND

Due to losses during the year under review, the Board of Directors do not recommend declaration of any dividend for the year ended 31.03.2005.

PUBLIC DEPOSITS

During the year, the company has neither accepted nor renewed any deposit. As on 31.03.2005, the outstanding public deposits amounted to Rs. Nil. Further the Company has resolved not to accept public deposits in future.

RBI CLASSIFICATION

The Reserve Bank of India has classified the company as "Category 'B' Non-Banking Finance Company"

CORPORATE GOVERNANCE

Your Company and its' Board, have taken adequate steps towards implementation of the provisions of Clause 49 of the listing agreement and it is committed to achieve the highest standards of the Corporate Governance.

For the matters concerning Corporate Governance, you are requested to refer to the Separate segment on the same, forming part of the Annual Report.

DIRECTORS

Mr. Sumant Chadha, Mr. P. C. Seth and Mr. Ashwani Kumar Tewari, the Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

TRC FINANCIAL SERVICES LIMITED*ELEVENTH ANNUAL REPORT 2004-2005***DEMATERIALIZATION OF SHARES**

The company has appointed M/s Alankit Assignments Limited as a common agency for both physical and de-mat mode as per SEBI circular no. D&CC/F/TTC/Cir-15/2002 dated December 27, 2002. As on 30-06-05, 38,72,585 equity shares have been dematerialised, which is 77.44% of the total equity capital.

AUDITORS

M/s. Johar & Kathpalia, Chartered Accountants retire and being eligible, offer themselves for re-appointment.

PARTICULARS ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, R&D AND FOREIGN EXCHANGE EARNING AND OUTGO

Information to be given pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars) Rules, 1988 to the extent applicable, is given below:

Foreign Exchange Earnings and Outgo:

Foreign Exchange earnings	:	Nil
Foreign Exchange outgo	:	Nil

PARTICULARS OF EMPLOYEES

There is no employee covered under the provisions of Section 217(2A) of the Companies Act, 1956. read with the Companies (Particulars of Employees) Rules, 1975 as amended.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

1. That in the preparation of annual accounts, the applicable accounting standards have been followed
2. That the Directors have selected such accounting policies and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGMENTS

Your Directors' place on record their deep appreciation to the Bankers, Shareholders and Customers for their co-operation and support and to the staff members for their contribution towards the performance of the company.

For and on behalf of the Board

Place : New Delhi
Date : 30.07.2005

(T. R. CHADHA)
Chairman

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REPORT ON CORPORATE GOVERNANCE**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

This Report on Corporate Governance forms part of the Directors Report. This section, besides being in compliance with the mandatory requirement of the listing agreement, gives an insight into the process of the Company's Philosophy on code of governance.

The company believes in values of Transparency, Professionalism and Accountability in its dealings with its Employees, Shareholders, Government and Clients. The company is committed to achieving the high standards of Corporate Governance.

2. BOARD OF DIRECTORS**Category of Directors**

The Board consists of eight directors, who are all non-executive directors. Out of eight directors three directors are independent directors i.e. 38%.

In the financial year 2004-2005, the Board met four times on 29.05.04, 30.07.04, 28.10.04 and 25.01.05 with clearly defined agenda, circulated will in advance before each meeting.

Attendance record of the participating Directors for the year ended 31.03.2005 are as follows:

Name of Director	Attendance at the Board Meetings	Attendance at previous AGM on 30.09.2004	No. of outside Director -ship held	Number of membership in other Board Committees	Number of Chairmanship of such Committees	Category
Mr. T.R.Chadha	4	Not present	Nil	Nil	Nil	Chairman & Non Executive
Mr. Prem Nath Anand	Not present	Not Present	6	Nil	Nil	Non Executive
Mr. Manu Chadha	2	Present	5	3	1	Non Executive
Mr. Sumant Chadha	4	Present	1	Nil	Nil	Non Executive
Mr. Anuj Anand	Not present	Not Present	5	Nil	Nil	Non Executive
Mr. H.B.Gohel	Not present	Not Present	Nil	Nil	Nil	Non Executive & independent
Mr. P.C. Seth	4	Not Present	Nil	Nil	Nil	Non Executive & independent
Mr. Ashwani Kumar Tewari	4	Present	Nil	Nil	Nil	Non Executive & independent
Mr. Deepak Virmani (Alternate to Mr. P.N.Anand)	4	Not Present	Nil	Nil	Nil	Non Executive
Mr. Ajesh Tuli (Alternate to Mr. Anuj Anand)	4	Not Present	Nil	Nil	Nil	Non Executive

3. During the financial year 2004-2005, no commission was paid to any director of the company.

4. All the Non Executive Directors hold Directorships within the limit of 15 as prescribed under the Companies Act, 1956. They are also holding membership/chairmanship in committees of various companies within the limits stipulated under the Clause 49 of the Listing Agreement.

5. Mr. Sumant Chadha, Mr. P.C. Seth and Mr. Ashwani Kumar Tewari, the Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Their brief resume is as follows: Mr. Sumant Chadha, B. Com (H), LLB, is a practicing Chartered Accountant working as a partner with a reputed firm of Chartered Accountants, since last 20 years. He poses vast experience in the spheres of Taxation and Auditing.

Mr. P. C. Seth, is a member of Institute of Chartered Accountant of England and Wales and is a very senior Chartered Accountant (qualified in 1966), He served with East India Hotels Limited and Oberoi Hotels for eleven years in important and senior level management positions.

Mr. Ashwani Kumar Tewari, B. Com (H), is a practicing Chartered Accountant working as a partner with a reputed firm of Chartered Accountants, since last 10 years. He poses vast experience in the spheres of Auditing, Investigation Work, Valuation of Business and Viability Studies.

6. The Statutory Registers that are required to be kept under various enactments are properly maintained and continuously updated.

7. BOARD COMMITTEES**Share Transfer and Investor Grievance Committee**

The Share Transfer/Investor Grievances Committee consists of Mr. Sumant Chadha as Chairman, Mr. Deepak Virmani and Mr. Ajesh Tuli. The main functions of the Share Transfer and Investor Grievance Committee is to supervise and ensure efficient transfer of shares, dematerialisation of shares and timely attendance of investors complaints. The committee meets

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to review the transfers/ remat/demat/duplicate shares issue, executed by the RTA M/s Alankit Assignment Limited. During the year under review the Committee met 4 times on 05.04.2004, 30.07.2004, 28.10.2004 and 25.01.2005.

Half-yearly Transfer Audit and Quarterly Secretarial Audit in terms of the Listing Agreement are regularly carried out by an independent practicing Company Secretary.

Audit Committee

The Audit Committee of the Board consists of Mr. Ashwani Kumar Tewari as Chairman, Mr. P. C. Seth and Mr. Deepak Virmani, all being non executive directors. Mr. P. C. Seth and Mr. Ashwani Kumar Tewari, being independent directors in the committee. The Audit Committee is responsible for the areas specified by Clause 49 of the Listing Agreement and Section 292-A of the Companies Act, 1956, besides other roles as may be referred by the Board of Directors. There has been four Audit Committee meeting during the Financial Year 2004-2005, held on 29.05.2004, 30.07.2004, 28.10.2004 and 25-01-2005. The Audit Committee has reviewed the annual financial results, half yearly results, quarterly results, internal audit reports, internal working system of the company and has held discussion with the statutory auditors of the Company.

Investment Committee

The committee consists of Mr. Sumant Chadha as Chairman, Mr. Deepak Virmani and Mr. Ajesh Tuli all being non executive directors. The committee is responsible for decision of sale and purchase of shares of other companies held in stock. During the year under review the Committee met four times on 29.05.2004, 30.07.2004, 28.10.2004 and 25.01.2005.

Remuneration Committee

The company constituted a Remuneration Committee comprising of three independent directors, namely Mr. Ashwani Kumar Tewari, Mr. P.C.Seth and Mr. H.B.Gohel, to approve the remuneration of directors and manager. However, no remuneration has been paid to any Directors in the year under review. During the year under review the Committee meeting was held on 22.07.2004.

8. REMUNERATION OF DIRECTORS FOR 2004-2005

Name of the Director	Sitting Fee	Salaries and Perquisites	Commission	Total
Mr. T.R.Chadha	Nil	Nil	Nil	Nil
Mr. Prem Nath Anand	Nil	Nil	Nil	Nil
Mr. Manu Chadha	Nil	Nil	Nil	Nil
Mr. Sumant Chadha	Nil	Nil	Nil	Nil
Mr. Anuj Anand	Nil	Nil	Nil	Nil
Mr. H.B. Gohel	Nil	Nil	Nil	Nil
Mr. P.C. Seth	Nil	Nil	Nil	Nil
Mr. Ashwani Kumar Tewari	Nil	Nil	Nil	Nil
Mr. Deepak Virmani	Nil	Nil	Nil	Nil
(Alternate to Mr. P.N. Anand)				
Mr. Ajesh Tuli	Nil	Nil	Nil	Nil
(Alternate to Mr. Anuj Anand)				

The Company does not have any stock option scheme. No Commission was paid to any Director during the year 2004-2005.

9. GENERAL BODY MEETING (held in last 3 years)

Year	Venue	Date	Time
2004	Arjun Farms, (Khasra No. 11/16), Village Pindwala Khurd, Jhatikra Road, New Delhi-110 071	30.09.2004	11.00 a.m.
2003	Arjun Farms, (Khasra No. 11/16), Village Pindwala Khurd, Jhatikra Road, New Delhi-110 071	30.09.2003	11.00 a.m.
2002	Arjun Farms, (Khasra No. 11/16), Village Pindwala Khurd, Jhatikra Road, New Delhi-110 071	30.09.2002	10.30 a.m

There was no other General Body Meeting in the last three years and no resolution was put through postal ballot.

10. DISCLOSURES

During 2004-2005, there has been no materially significant transaction entered by the company with any party, which is considered to have potential conflict with the interest of the company at large.

There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to any of capital market, during the last three years.

11. MEANS OF COMMUNICATION

The Quarterly, Half Yearly and Audited Annual Results are generally published by the Company in Newspapers, Financial Express (English), Delhi/Jansatta (Hindi) Delhi.

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT**A. INDUSTRY STRUCTURE AND DEVELOPMENT**

Increased competition in the financial sector has lead to the decrease in spreads, high delinquency levels and slow down in business.

B. OPPORTUNITIES AND THREATS

Due to entry of Banks in the financial sector, most of the business is diverted to them, affecting the NBFC's.

C. INTERNAL CONTROL SYSTEM AND ADEQUACY

The internal audit of the company is being carried out by a firm of Chartered Accountants on Half Yearly basis.

**D. DISCUSSION ON FINANCIAL OPERATIONS WITH RESPECT TO :
OPERATIONAL PERFORMANCE**

The same has already been incorporated in the Director's report.

SHAREHOLDER INFORMATION

1. Annual General Meeting Date 30th September, 2005
Day and Time, Venue Friday at 11.00 a.m.
Arjun Farms, (Khasra no. 11/16),
Village Pindwala Khurd, Jhatikra Road, New Delhi – 110 071
2. Financial Calendar (Tentative)
 - a) Financial reporting for the quarter
Ending June 30, 2005, Quarter and
Half year ended Sept. 30, 2005
Quarter ending December 31, 2005
and quarter ending March 31, 2006 Within one month from the end of the quarter
as stipulated under the Listing Agreement.
 - b) Financial reporting for the year ending
March 31, 2006 (audited) Within three months from the end of the last quarter
as stipulated under the Listing Agreement
3. Date of Book closure 23rd September, 2005
4. Unclaimed/unpaid Dividend for the
Previous years NIL
5. Listing of Equity Shares Mumbai Stock Exchange
6. Stock Code No. — BSE — 511730
7. Registered Office Suit 11A, Gobind Mansion, Indra Palace
H-Block , Connaught Place, New Delhi – 110 001

For dealing in shares in the dematerialisation form, code No. (ISIN - INE759D01017) has been allotted to the securities of our Company by Central Depository Services (India) Limited and National Securities Depository Limited.

8. Stock Market Data for the year 2004-2005

Month	BSE Prices		BSE Sensex	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2004	NIL	NIL	5925.58	5655.09
May, 2004	NIL	NIL	5757.30	4505.16
June, 2004	2.25	2.25	4963.75	4644.00
July, 2004	NIL	NIL	5170.32	4843.77
August, 2004	NIL	NIL	5252.78	5033.69
September, 2004	NIL	NIL	5616.87	5198.72
October, 2004	NIL	NIL	5776.85	5581.49
November, 2004	2.70	1.30	6234.29	5704.10
December, 2004	2.39	1.28	6602.69	6227.83
January, 2005	2.62	1.40	6679.20	6102.74
February, 2005	3.08	1.70	6713.86	6530.06
March, 2005	7.35	2.24	6915.09	6367.86

9. Share Transfer Agent

M/s. Alankit Assignments Limited, New Delhi has been appointed as a common agency for both physical and electronic connectivity for dematerialisation of shares w.e.f. 01-09-2003.